

Committee on Ways And Means

Medicare Disproportionate Share (DSH) Payments

- Under Medicare, hospitals receive higher payments if they serve a “disproportionate share” of low income seniors and Medicaid recipients.
- Like most of fee-for-service Medicare, the DSH calculations are complex and have been the source of much litigation. In 2000, the Administration loosened the criteria (increasing payments), but in 2005, federal courts issued decisions that would have loosened the criteria even further.
- The Deficit Reduction Act clarifies current policy regarding the computation of DSH payments, and closes any loopholes in the current calculations.